



MEMORANDUM

DATE: November 19, 2004

TO: Members of the Mayor and Council
Subcommittee on Downtown
and Rio Nuevo

FROM: 
James Keene
City Manager

SUBJECT: Tucson Origins Heritage Park Update – Mayor and Council Consideration
of Rio Nuevo Funding Request

The Rio Nuevo funding request for Phase 1 of Tucson Origins Heritage Park, in the amount of \$11.8 million, was approved in May by the Rio Nuevo Citizens Advisory Committee and the Rio Nuevo Multipurpose Facilities District Board. Phase I includes construction of the Presidio portion of the project on the east side and Mission Gardens on the west side. It will also fund all required infrastructure for Phase II – Mission San Agustín Complex. The request in May included funds for two years of operations for the nonprofit organization to be formed, in the amount of \$400,000 (\$200,000/year for two years). There were a number of conditions attached to the approval by both bodies, most focusing on financial sustainability and the need to collaborate with the other west side attractions.

An updated and amended business plan was prepared by Carl Russell, C-BV Group and William Anderson, Economics Research Associates who prepared the original business plan. The amended business plan included both increased attendance figures and reduced operating costs. The reduced operating costs depend upon collaborative efforts among the other museums which will be located on the west side of the Santa Cruz – the Arizona State Museum and the Arizona Historical Society, as well as the U of A Science Center.

The amended business plan showed an improvement in the financial condition of the project, however substantial annual fundraising was still needed to operate the facility. Staff discussions and analysis have led to the conclusion that fully launching a new nonprofit organization geared to managing Tucson Origins Heritage Park, and doing so when the financial projections show a substantial gap between income and expense, cannot be recommended at this time. It is important, however, to move ahead with the project as it enjoys great community support and there is a high level of expectation that the City and Rio Nuevo will make good on their commitment to the project.

Staff has developed the following recommended strategy for implementation of the Tucson Origins Heritage Park:

- ◆ Request approval for Phase I funding from Mayor and Council in December. Phase I as proposed now would include only the Presidio portion of the Tucson Origins project and all west side infrastructure. Phase I funding in the amount of \$9.8 million would cover the Presidio Complex at Church and Washington Streets (in the amount of \$2.8 million) and all west side infrastructure (in the amount of \$7 million). Mission Gardens development would be delayed until an economic plan is developed which addresses management and sustainability, issues that are currently being evaluated. It is expected that a funding request will be forthcoming on Mission Gardens in early 2005. San Agustín Mission complex is constructed as part of Phase II.
- ◆ Develop the RFP for design for the Presidio to be released in January, 2005
- ◆ Continue infrastructure planning and work on the west side.
- ◆ Phase I, when complete, would be managed by Parks and Recreation with the addition of one groundskeeper to the downtown team for regular maintenance, as well as costs such as water and electricity. Event fees will be developed to cover costs of managing events. The proposed budget for management of this section of Origins by Parks and Recreation is approximately \$61,000 annually. It is anticipated that a portion of those costs can be covered through voluntary donations and through fundraising by the support organization.
- ◆ There would not be a full-scale launch of Tucson Origins, Inc. to manage and operate the park; however a support group, organized as a nonprofit corporation, would be formed to work with the City/Rio Nuevo to raise funds and develop other forms of support for the facility. There are individuals and organizations in the community who have indicated their willingness to assist in this effort and to recruit others as well.
- ◆ Once west side infrastructure is complete, move directly into consideration of construction of Phase II - the Mission San Agustin complex.
- ◆ Continue to work collaboratively with the Arizona Historical Society, the Arizona State Museum, and the U of A Science Center to identify opportunities to share space, staff, operational costs and interpretive facilities. A group, named the Rio Nuevo Cultural Coalition, has been formed to begin these discussions. Two meetings have been held and were very productive.

We believe that this structure can provide breathing space for related issues to come into sharper focus (museum locations and sizes, the real savings to be realized from collaboration, etc.) as well as providing time to structure a strong, effective nonprofit support group which may be ready to take on park management at a later date should that prove to be the selected alternative. This will also give staff time to explore long-term governance issues. It is possible that either an existing local organization or one from outside Tucson could take on management of Tucson Origins Heritage Park.

Review of Proposed Phasing

Phase I – Construct Tucson Presidio interpretation at Church and Washington Streets, mark perimeter of the Presidio.
Anticipated opening: 2006

Complete west side site improvements including archaeological investigations, landfill remediation, installation of utilities and construction of streets for entire site. Some of the site preparation costs are directly attributable to the Origins project, and some are needed for all of the proposed west side elements including the housing, museums, Science Center, etc.

Construction costs – Presidio	\$2.8 million
Infrastructure costs – Origins	\$3.5 million
Infrastructure costs – West side	\$3.5 million
Total – Phase I	\$9.8 million

Phase II

Reconstruction of the San Agustín Mission complex including the Convento, chapel and granary, mission walls, mission gardens, walls around two cemeteries, restrooms, catering pad, ramadas, landscaping. Anticipated opening: 2009

The location of the San Agustín Mission complex is directly over both a major landfill and the location of a sewer trunk line and main. Both of these site issues must be resolved prior to construction of the mission complex. All site preparation costs are included in Phase I.

Total – Phase II \$9.1 million

While this remains an ambitious proposal, it is the result of many years of community support and interest in Tucson’s history. It is truly the historic and cultural heart and soul of Rio Nuevo and sets the stage to celebrate our rich heritage in a meaningful and exciting way. Staff is requesting that the Subcommittee approve moving the Phase I funding request on to Mayor and Council for approval in December.

If you have questions or need for additional information regarding this project, please contact Karen Thoreson at x4204 or Marty McCune at x4505.

JK:KT:MM